



News Release

Oregon Liquor Control Commission
9079 SE McLoughlin Blvd., Portland, OR 97222-7355
1-800-452-6522

Mark Pettinger, Marijuana Program Spokesperson
Mark.Pettinger@oregon.gov (503) 872-5115
www.marijuana.oregon.gov

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OLCC Commission Upholds Administrative Law Decision on Marijuana License Suspension Approves Other Marijuana Licensees Stipulated Settlements Including Cancellation of Central Oregon Producer License

PORTLAND, Ore. – The Oregon Liquor Control Commission today accepted the findings of an Oregon administrative law judge upholding the immediate temporary suspension of an OLCC licensed marijuana retailer in Benton County. The OLCC temporarily suspended the license of the Corvallis Cannabis Club on June 15, 2018 after it became the subject of a federal criminal investigation.

The OLCC charged the licensees of the Corvallis Cannabis Club with five violations stemming from the OLCC's investigation of the licensee after federal authorities executed a search warrant at the physical location of the business in June 2018.

The State of Oregon's Office of Administrative Hearings agreed with four of the OLCC's charges against the Corvallis Cannabis Club. The licensee, through its legal representative, appealed the administrative law judge's decision to the Commission; the Commission decided to leave the temporary suspension in place.

In other action the Commissioners of the OLCC approved the following fines and/or marijuana license suspensions based on stipulated settlements:

Next Generation Nurseries, will pay a fine of \$1,815 or serve an 11-day recreational marijuana producer license suspension for one violation.

The violation is for the licensee permitting activity which is unlawful under Oregon state law on the licensed premises or in areas adjacent to or outside the licensed premises under the control of the Licensee, when Licensee and/or its employees, agents, or representatives used water from well L-127622 for irrigation purposes without the benefit of a water right in violation of ORS 537.535(2), as determined in Water Resources Department Final Order dated January 16, 2018.

Licensee is Next Generation Nurseries, LLC; Karen Osovsky, Member.

Strong Roots Farm; will pay a fine of \$4,950 or serve a 30-day recreational marijuana producer license suspension for one violation.

The violation is for the licensee failing to keep surveillance recordings, except for back-up off-site recordings of the surveillance area, for a minimum of 90 days.

Licensee is Strong Roots Farm, LLC; Clemente Fierros, Managing Member; Leopoldo Ramos, Member.

High Cascade Farms of Bend*; will have its recreational marijuana producer license cancelled, for 13 violations.

The first violation is for the licensee operating other than its license permits when Licensee and/or Licensee's employees, agents or representatives sold, delivered, or transported marijuana items other than to the licensed premises of a marijuana processor, wholesaler, retailer, laboratory, non-profit dispensary, or research certificate holder.

The second violation is for the licensee and/or the licensee's employees, agents, servants or representatives entering data into the METRC Cannabis Tracking System (CTS) that did not fully and transparently account for all inventory tracking activity, when the account for Licensee's employee Andrew Heller was used to report that marijuana plants tagged 1A4010200013C06000000390 and 1A4010200013C06000000419 were destroyed due to pests, which were intentional misrepresentations in that these plant tags were recovered from a butane honey oil (BHO) explosion in a duplex at 3058 NE Weddell Street, Unit #2, Bend, Oregon on or about March 18, 2018.

The third violation is for the licensee and/or licensee's employees, agents or representatives entered data into the METRC Cannabis Tracking System (CTS) that did not fully and transparently account for all inventory tracking activity, when the account for Licensee's Employee Andrew Heller was used to report that marijuana plant tagged 1A4010200013C06000000081 was destroyed due to powdery mildew, which was an intentional misrepresentation in that the plant was found at the premises in the drying room on April 19, 2018.

The fourth violation is for the licensee and/or the licensee's employees, agents or representatives intentionally destroying, damaging, altering, removing or concealing potential evidence, or attempting to do so, or asking or encouraging another person to do so, when they caused certain entries in the Visitors Log Book for the premises to be blacked out.

The fifth violation is for the licensee and/or the licensee's employees, agents or representatives failing to disclose the interest in the licensed business of David Carl Paulsen, a person with an ownership interest in Licensee within the meaning of OAR 845-025-1045(3).

The sixth violation is for the licensee's disclosed principals, Charles Ringo and Leonard Peverieri, signing and submitting to the Commission a Marijuana License Acknowledgement stating, *inter alia*, "I have reviewed all information submitted as part of the application including, but not limited to, information regarding ... financial involvement in the business. All information submitted is true and correct to the best of my knowledge." At the time, Ringo and/or Peverieri knew or should have known that David Carl Paulsen had an undisclosed ownership interest in Licensee within the meaning of OAR 845-025-1045(3), and/or an undisclosed financial interest in Licensee within the meaning of OAR 845-025-1015(23), and therefore the signing and submission of the Marijuana License Acknowledgement constitutes a false statement to the Commission.

The seventh violation is for the licensee and/or the licensee's employees, agents or representatives entering data into CTS that did not fully and transparently account for all inventory tracking activity, with respect to approximately 268 unaccounted-for packages of cannabis seeds created in CTS on November 11, 2017, November 26, 2017, December 13, 2017, December 14, 2017, January 16, 2018, January 31, 2018, February 1, 2018, and February 2, 2018, which were reported in CTS as present on the premises as of April 19, 2018, but which in fact were not present on the premises as of that date.

The eighth violation is for the licensee and/or the licensee's employees, agents or representatives entering data into CTS that did not fully and transparently account for all inventory tracking activity, with respect to mature marijuana plants, plastic totes containing useable marijuana, and bags of marijuana bud/flower found on the premises that were not entered into or tracked in CTS.

The ninth violation is for the licensee and/or licensee's employees, agents or representatives failing to tag individual marijuana plants with CTS unique identification (UID) tags, with respect to several mature marijuana plants found on the premises that were not tagged with a CTS UID.

The tenth violation is for the licensee and/or licensee's employees, agents or representatives failed to establish a marijuana cultivation batch in CTS that was found on the premises, and assign a CTS unique identification number to that cultivation batch.

The eleventh violation is for the licensee and/or licensee's employees, agents or representatives failing to properly tag inventory with CTS UID tags, with respect to plastic totes of useable marijuana and bags of marijuana bud/flower found on the premises that were not tagged with CTS UIDs.

The twelfth violation is for the licensee failing to verify that its employee, Andrew Heller, held a valid marijuana worker permit issued by the Commission, before allowing him to participate at the licensed premises in the possession, production, propagation, processing, securing or selling of marijuana items, or the recording of the same, or the verification of identification in connection with selling or providing a marijuana item to a person, or the supervision of a person who performs any of these functions.

The thirteenth violation is for the licensee removing the suspension notice sign from the front door of the licensed premises.

Licensee is Byzantium Corp., Charles Ringo, President/Stockholder; Leonard Peverieri, Stockholder

Coastal Growers; will pay a fine of \$9,405 or serve a 57-day recreational marijuana producer license suspension for four violations.

The first violation is for the licensee, whose license was issued or renewed after August 31, 2016, failing to keep surveillance recordings, except for back-up off-site recordings of the surveillance area, for a minimum of 90 days.

The second violation is for the licensee and/or its employees, servants, agents or representatives failing to use Unique Identification (UID) tags issued by a Commission-approved vendor to tag individual marijuana plants with a UID tag at the sooner of when the plant reached a height of twenty-four inches or was identified as female, when it was found to be in possession of approximately 300 mature marijuana plants that did not have UID tags affixed to them, as well as approximately five mother plants in the cloning room that did not have UID tags affixed to them.

The third violation is for the licensee and/or its employees, servants, agents or representatives failing to assign each cultivation batch a UID, when it was found to be in possession of approximately five batches of clones, each of which contained approximately 50 clones, which did not have UID numbers assigned to them.

The fourth violation is for the licensee and/or its employees, servants, agents or representatives failing to have cameras that continuously recorded, 24 hours a day, in all areas where mature marijuana plants, immature marijuana plants, and usable marijuana may have been present on the licensed premises; and all points of ingress and egress to and from areas where mature marijuana plants, immature marijuana plants or usable marijuana were present, when its surveillance system was not operating.

Licensee is Coastal Growers, LLC; John Ambrosini II, Managing Member; Michelle Ambrosini, Managing Member.

*The locations of OLCC marijuana producer, processor and wholesale licensees are exempt from public disclosure under Oregon law. A reference to the location of this licensee is made because its license is being cancelled.